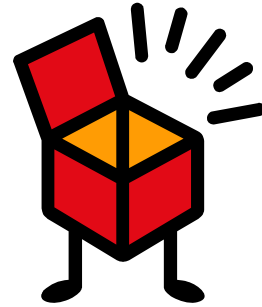


Financial Highlights

the first quarterly ended June 30,2008
(Fiscal 2008)



Materials Mag!c

July 30, 2008

Hitachi Metals, Ltd.

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¥ 100 million

	Fiscal 2007			Fiscal 2008		
	FY07 1st (Actual)	FY07 1H (Actual)	FY07 (Actual)	FY08 1st (Actual)	FY08 1H (Est.)	FY08 (Est.)
Net Sales	1,724	3,463	7,011	1,756 (102%)	3,490 (101%)	7,100 (101%)
Operating Income	125	266	597	154 (+29)	280 (+14)	610 (+13)
Income before income taxes	171	244	514	174 (+3)	258 (+14)	566 (+52)
Net Income	86	126	270	87 (+1)	134 (+8)	297 (+27)
ROE (%)	16.8%	12.2%	13.1%	16.1%	12.3%	13.1%
Capital investment	156	258	493	82 (Δ74)	218 (Δ40)	430 (Δ63)
Depreciation costs	73	140	294	75 (+2)	160 (+20)	340 (+46)
Research & Development Expenses	31	67	133	33 (+2)	71 (+4)	146 (+13)

() contain initial forecast comparisons

FY08 1st Consolidated Net Sales · Operating Income (By Segment)



Net Sales ¥175.6 billion

2% YoY Increase + ¥3.2 billion

High-Grade Metal Products and Materials: up 12%
Electronics and IT Devices: down 8%
High-Grade Functional Components and Equipment: slightly down

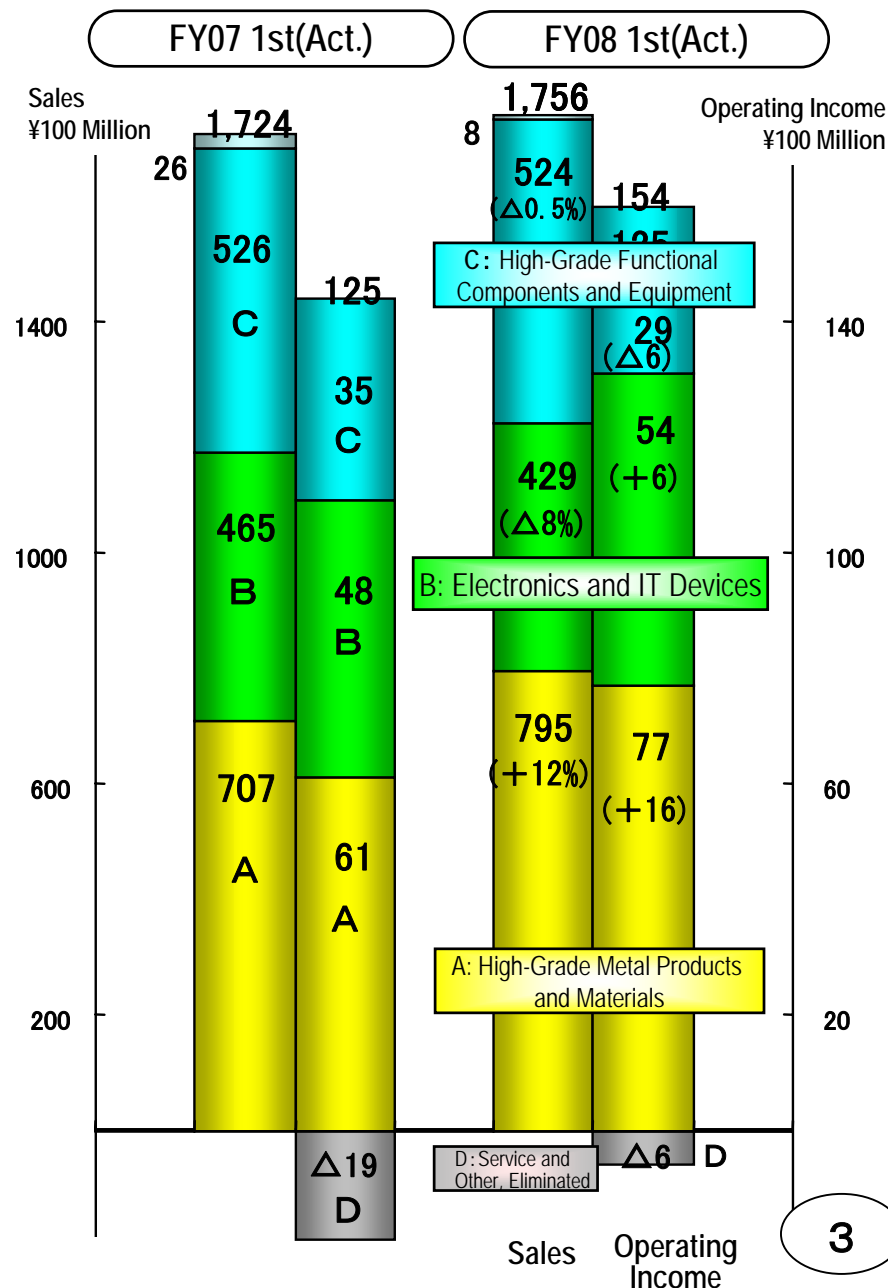
- Firm sales, primarily of automotive-, IT- and household appliance-related products.
- High-Grade Metal Products and Materials: Despite adjustments in semiconductor package components, steady sales of rolls and tool steels.
- Electronics and IT Devices: Despite adjustments in certain information communication components, substantial increase in soft magnetic materials together with robust results in rare-earth magnets. Results essentially unchanged after excluding the impact of the transfer of certain products to the High-Grade Metal Products and Materials segment.
- High-Grade Functional Components and Equipment: While impacted by the market slump in piping components, robust results in eco-friendly exhaust system components and aluminum wheels.
- Overseas sales to total net sales ratio 40%, new product sales ratio 29%

Operating Income ¥15.4 billion

23% YoY Increase + ¥2.9 billion

High-Grade Metal Products and Materials: +¥1.6 billion
Electronics and IT Devices: +¥0.6 billion
High-Grade Functional Components and Equipment: +¥0.6 billion

- Despite the impact of sharp hikes in raw material prices, sales growth and cost-reduction efforts contributed to improved profits.
- Steady demand in the High-Grade Metal Products and Materials as well as Electronics and IT Devices business segments contributed to increases in both sales and profits. Despite growth in automobile-related products in the High-Grade Functional Components and Equipment segment, drop in profits due to the market slump in facility- and construction-related products including piping components.



FY08 Consolidated Net Sales - Operating Income Est. (By Segment)



Net Sales ¥710 billion

1% YoY Increase +¥8.9 billion

High-Grade Metal Products and Materials: up 7 %
Electronics and IT Devices: down 7 %
High-Grade Functional Components and Equipment: up 4 %

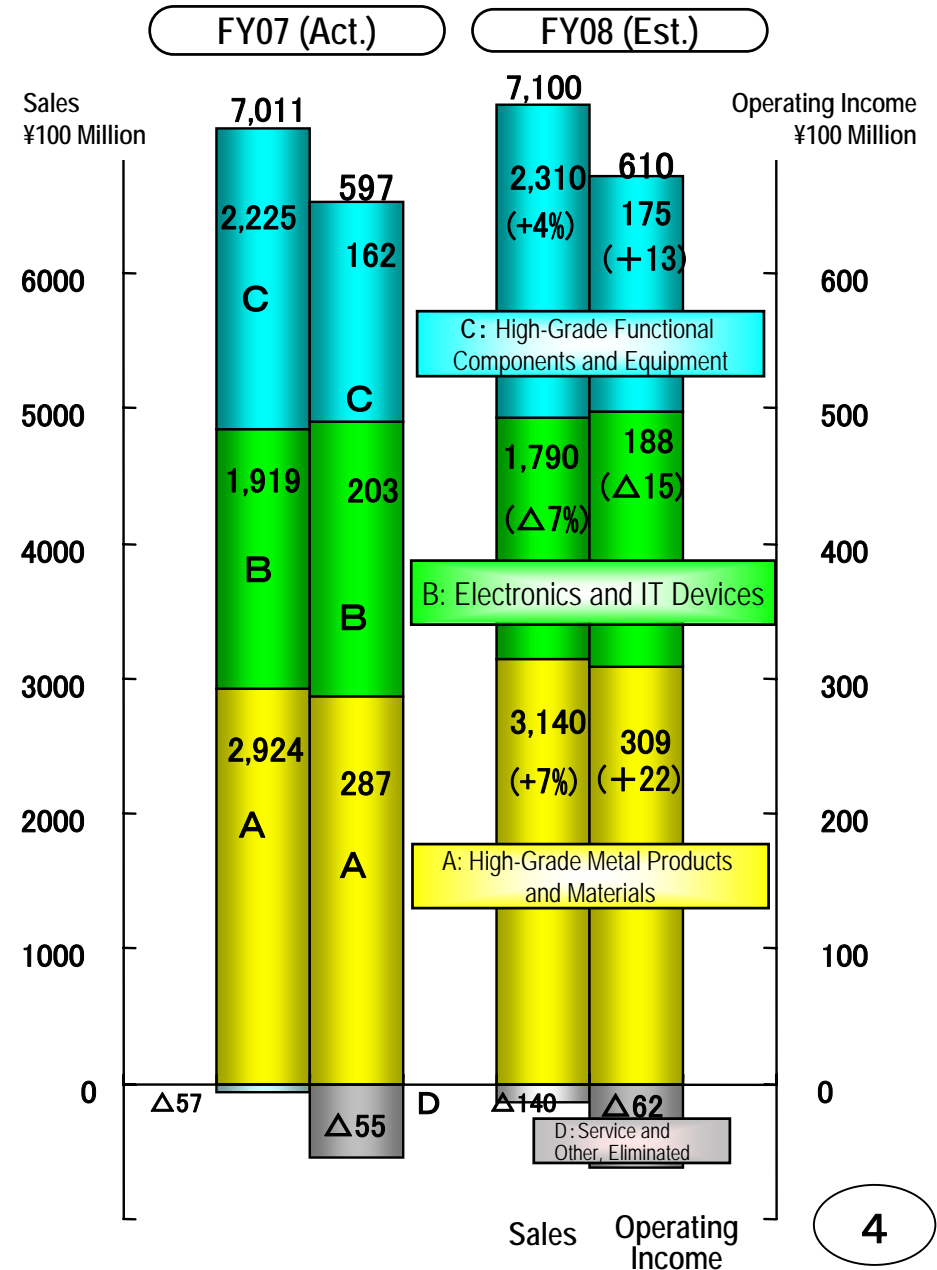
- Despite initial signs of adjustment in electronic-related products, overall demand mainly for eco-friendly products is forecast to remain steady.
- Electronics and IT Devices: Despite the appearance of a sales decline owing to the transfer of the electronic materials business, real sales are expected to climb due to growing demand for soft magnetic materials.

Operating Income ¥61 billion

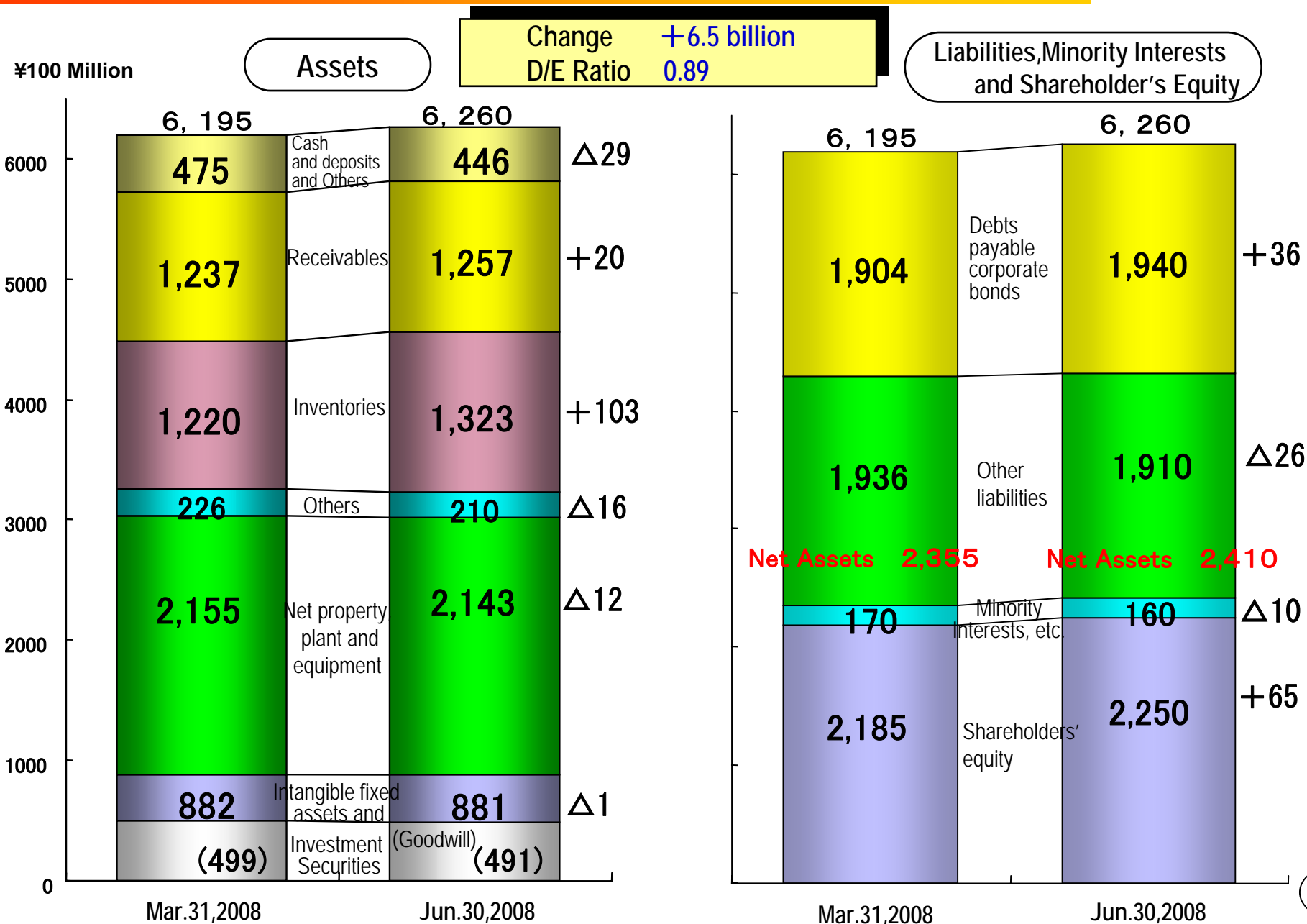
2% YoY Increase +¥1.3 billion

High-Grade Metal Products and Materials: +¥2.2 billion
Electronics and IT Devices: -¥1.5 billion
High-Grade Functional Components and Equipment: +¥1.3 billion

- Minimize the impact of sharp hikes in the price of raw materials through ongoing efforts to reduce cost and sales growth.



Consolidated Balance Sheet



Consolidated Cash Flows

¥ 100 million

Item	FY07 1st	FY08 1st
Net income before tax adjustments	171	174
Depreciation costs	73	75
Capital investment	△132	△105
Others	△70	△167
Free cash flow	42	△23
Reducing borrowings	△12	31
Dividend payments,others	△25	△34
Effect of exchange rate changes	5	△5
Net increase in cash during Current Period	10	△31



This document contains forward-looking statements, such as results forecasts and management plans, which are not historical facts. All such forward-looking statements were based upon all available information and upon assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to the underlying assumptions or circumstances could cause actual results to differ substantially. Factors for causing such differences include, but are not limited to, the following:

- **Changes in economic conditions and regulations in main markets where the Company operates, particularly Japan, the United States, Asia and Europe**
- **Sudden changes in technological trends**
- **Changes in competitive advantage and the capabilities of the Company and its subsidiaries and affiliates to develop and commercialize new products and businesses**
- **Fluctuation in status and conditions of product markets, exchange rates or international commodity markets**
- **Changes in financing environments**
- **Capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand, status and conditions of product markets, exchange rates or international commodity markets**
- **Protection of the Company's intellectual property, and securing of licenses to use intellectual property of other parties**
- **Changes in status of alliances with other parties for product development, etc.**
- **Fluctuation of Japanese stock markets**